

WorkFirst Reexamination Workgroup

Focus Area Briefing Paper

Issue: Use of Food Stamp Employment & Training dollars as a potential WorkFirst revenue source

Goal: Maximize revenue to support program

Description: Food Stamp Employment & Training (FSET) 50/50 match funding is a potential funding source for specific programs and services currently funded out of the Temporary Assistance for Needy Families (TANF) box for non-TANF recipients (TANF diversion, post-TANF services and community college education and training for low-income adults). There are considerable issues to be worked out before anyone can determine to what extent these funds can be used. For example, the state currently spends approximately \$5 million per month on child care subsidies for individuals who are receiving food stamps and who are not on a TANF grant. These expenditures could only be coded as FSET if these individuals were participating in education and training delineated in the state's Food Stamp plan.

Cost / Savings: Current state funds in the TANF box are completely obligated as TANF maintenance of effort (MOE). If the state were to find ways to claim more current expenditures (or create new programs) as FSET, a general fund state match would also have to be found. For example, if those individuals who are receiving child care subsidies and are not on a TANF grant do some activity that would qualify them for FSET funds, the state would have to put up \$2.5 million of new state funds to earn the \$2.5 million per month in federal. Total savings to the "box" would be \$5 million, with an overall state increase of \$2.5 million for the match. Food Stamp Employment and Training rules state that funds counted as TANF MOE cannot be used as FSET match. (Note: it would also be worth examining whether there is available general fund state dollars not currently in the box that could be counted as match.)

Background: FSET 50/50 match is a source of federal Department of Agriculture funds for state/local governmental agencies, including community colleges and community-based organizations that provide employment and training services. FSET provides dollar for dollar matching funds for every non-federal workforce development dollar spent on non-TANF food assistance recipients.

Allowable costs under FSET include direct and indirect costs for education, training, job placement, retention/advancement services, support services (child care, transportation, etc.), case management and administrative costs for managing the program.

The population eligible for these funds is food stamp recipients who are not receiving a TANF grant, and who are engaged in activities outlined in the state's Food Stamp Plan.

Target populations include:

- Applicants for TANF appropriate for diversion services who received Food Assistance
- Parents exiting TANF due to employment who receive transitional Food Assistance

- Low-income community college students who (1) currently receive non-TANF Food Assistance, or (2) are not currently receiving, but are eligible and become recipients of non-TANF Food Assistance.

Research results: This is a potential source of new funds for the TANF box. A pilot project is underway that will help identify implementation issues and possible benefits. At this point, estimates for the generation of revenues to offset existing TANF program dollars should be conservative.

Benefits: FSET dollars could partially replace or enhance TANF box dollars now used for diversion, post-TANF services and community college training for low-income adults.

Risks or unintended consequences:

- Washington State has no prior experience using FSET 50/50 match funding. Under the current State Food Stamp Plan, DSHS has a very small match funding utilization.
- Implementation would require adequate controls to ensure that the use of this program does not negatively impact the food stamp error rate. (Note: this program is available to Food Stamp recipients, and it would be crucial that any redesign of the FSET program be focused on ensuring that Food Stamp eligibility is determined properly and that FSET funds are spent only on Food Stamp eligible individuals.)
- Potential workload and staffing issues related to how the program is designed.
- FSET 50/50 match is currently an uncapped source of funds – this could change as more states begin to draw down FSET match dollars.

Implementation issues: DSHS is currently amending the Food Stamp state plan to allow 50/50 match funding and plans to pilot an FSET 50/50 match project in King County starting in October 2005. This project will include five CBOs, a county work training program and South Seattle Community College. Initial discussions between OFM and SBCTC have been held to look at the feasibility of developing a statewide approach for FSET community college funding.

Additional follow-up needed: What potential savings might be gained in community and technical college training funds for non-TANF recipients that are currently funded by TANF funds?